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**This is a transcript of 2Q FY09/2021 Consolidated Financial Results Briefing by HENNGE K.K. on 12th May 2021.**

**Ogura:** Hi, I'm Kazuhiro Ogura, the CEO of HENNGE K.K. Thank you for watching our video today. Today, I would like to go through our financial results for the second quarter of the fiscal year 2021. We have prepared the video separately regarding our company overview ([https://youtu.be/zBJyC6\\_jvNA](https://youtu.be/zBJyC6_jvNA)) and our growth strategy and full-year outlook for the fiscal year ending September 2021 (<https://youtu.be/AhVqucxzuXc>).

## Net Sales

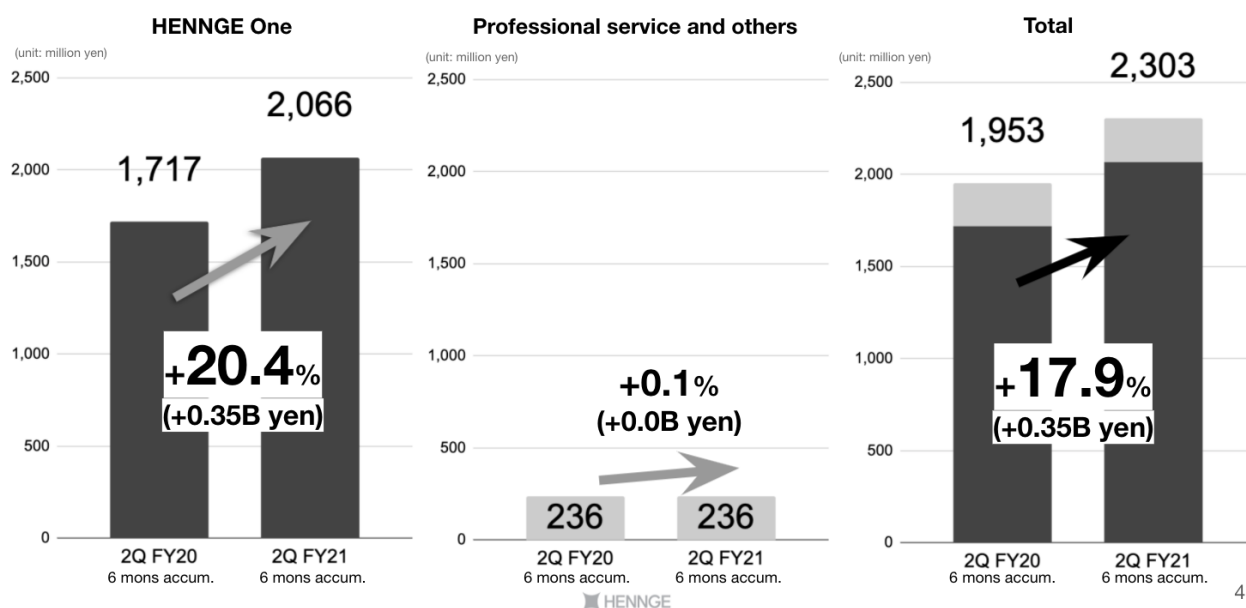
HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

### Net Sales

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)

The net sales increased by 17.9% YoY to 2.30 billion yen.

The sales of HENNGE One, our key driver of growth, grew by 20.4% YoY.



Let me first explain about our financial results of the second quarter. Our consolidated net sales expanded steadily, as shown on the slide.

# Overview of Consolidated Financial Results

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## Overview of Consolidated Financial Results

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)

(unit: million yen)	2Q FY20 6mons accum.	2Q FY21 6mons accum.	YoY	YoY (%)	FY2021 Forecast	progress (%)
<b>Net sales</b>	1,953	2,303	+350	+17.9%	4,841	47.6%
(HENNGE One)	1,717	2,066	+349	+20.4%	4,388	47.1%
(Professional service and others)	236	236	+0	+0.1%	453	52.2%
<b>Total cost of sales</b>	357	390	+33	+9.2%		
<b>Gross profit</b>	1,596	1,912	+317	+19.8%		
(Gross profit margin)	(81.7%)	(83.1%)		(+1.3pt)		
<b>Total selling, general and administrative expenses</b>	1,469	1,935	+466	+31.8%		
<b>Operating income</b>	127	-23	-150	-	310	-
(Operating income margin)	(6.5%)	-		-	(6.4%)	
<b>Ordinary income</b>	127	-20	-147	-	310	-
<b>Profit attributable to owners of parent</b>	51	-20	-72	-	193	-
(Net income margin)	(2.6%)	-		-	(4.0%)	

1. The net sales **rose** by **17.9%** YoY to **2.30 billion yen**. The sales of HENNGE One **rose** by **20.4%** YoY to **2.07 billion yen**.
2. The total selling, general and administrative expenses **increased** by **31.8%** (**+0.47 billion yen**) YoY to **1.94 billion yen**.
3. The profit attributable to owners of parent **decreased** by **72 million yen** YoY to **-20 million yen**.



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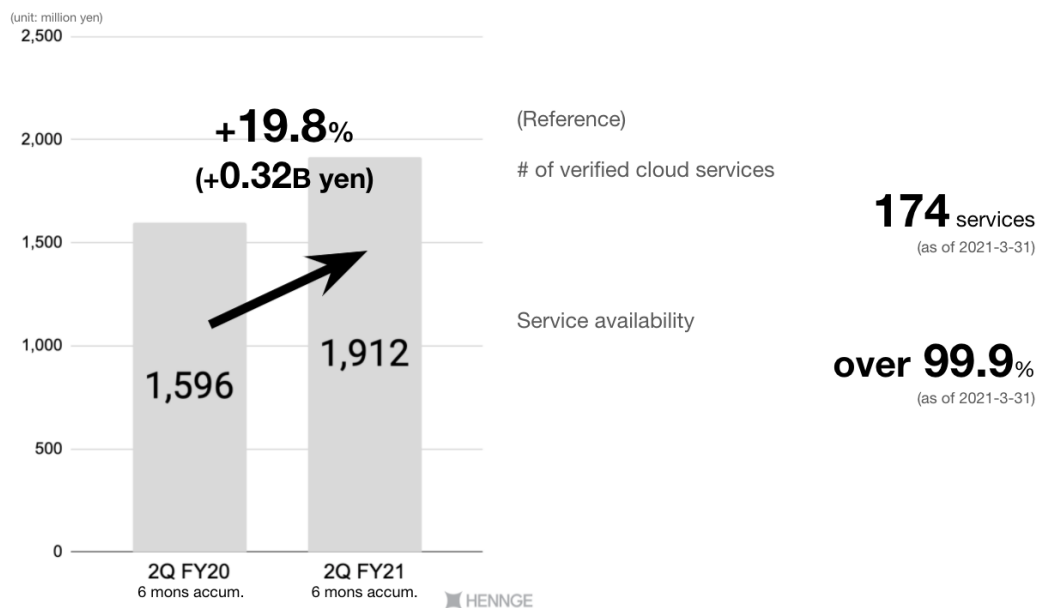
This is a summary of our consolidated financial results. In the second quarter, we performed steadily compared to the full-year forecast disclosed on November 13.

# Gross Profit

## Gross Profit

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)

The gross profit increased by 0.32 billion yen YoY to 1.91 billion yen.  
The gross profit margin increased by 1.3pt YoY to 83.1%, and remains high.



The gross profit margin remained high.

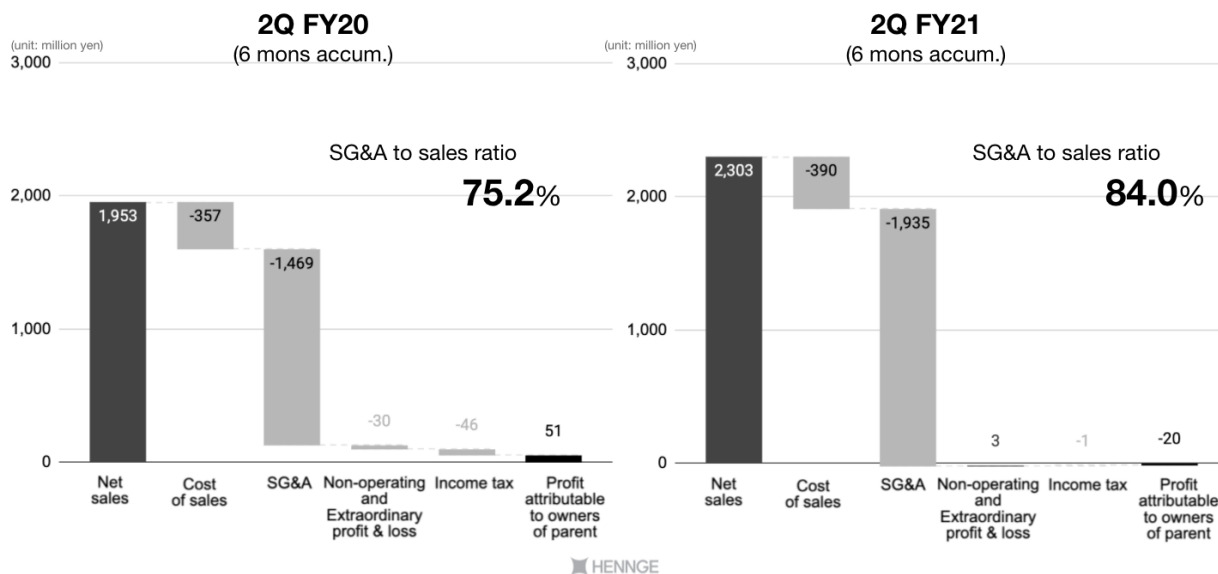
# Profit Attributable to Owners of Parent

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## Profit Attributable to Owners of Parent

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)

The SG&A to sales ratio increased by 8.8pt YoY to 84.0% due to focusing on advertising expenses in this Q. The profit attributable to owners of parent decreased by 72 million yen YoY.

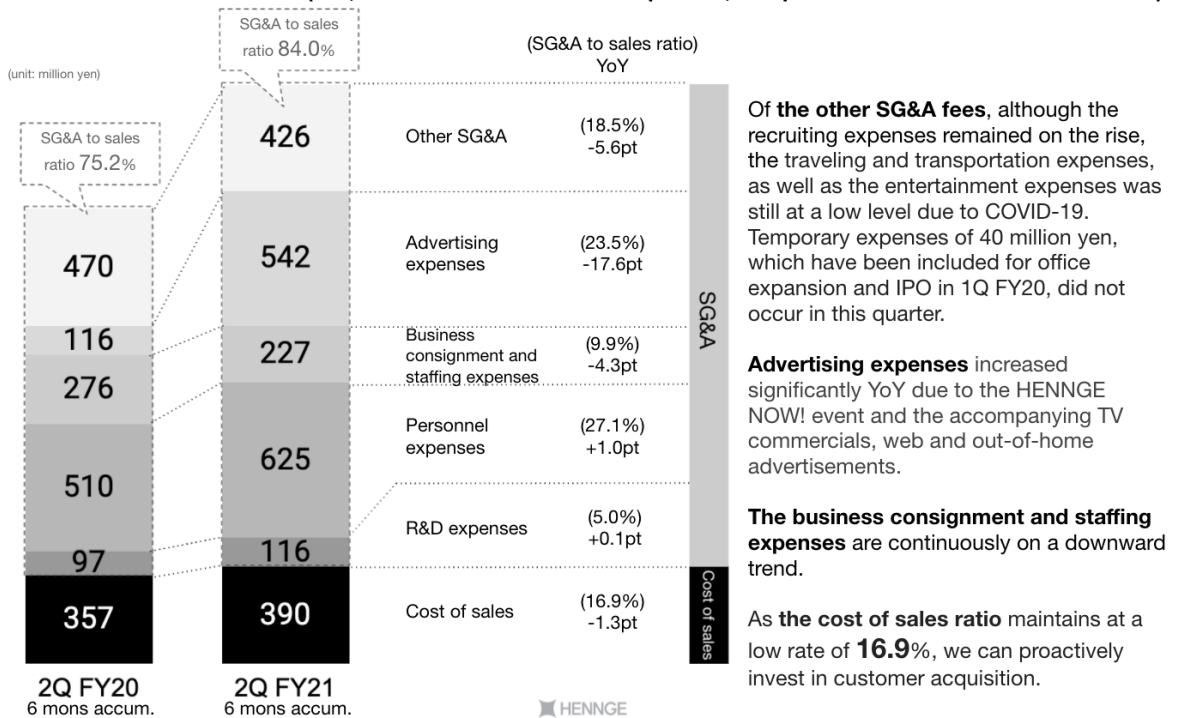


These figures show a YoY comparison of our profit.

# Structure of Operating Expenses (YoY)

## Structure of Operating Expenses

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)



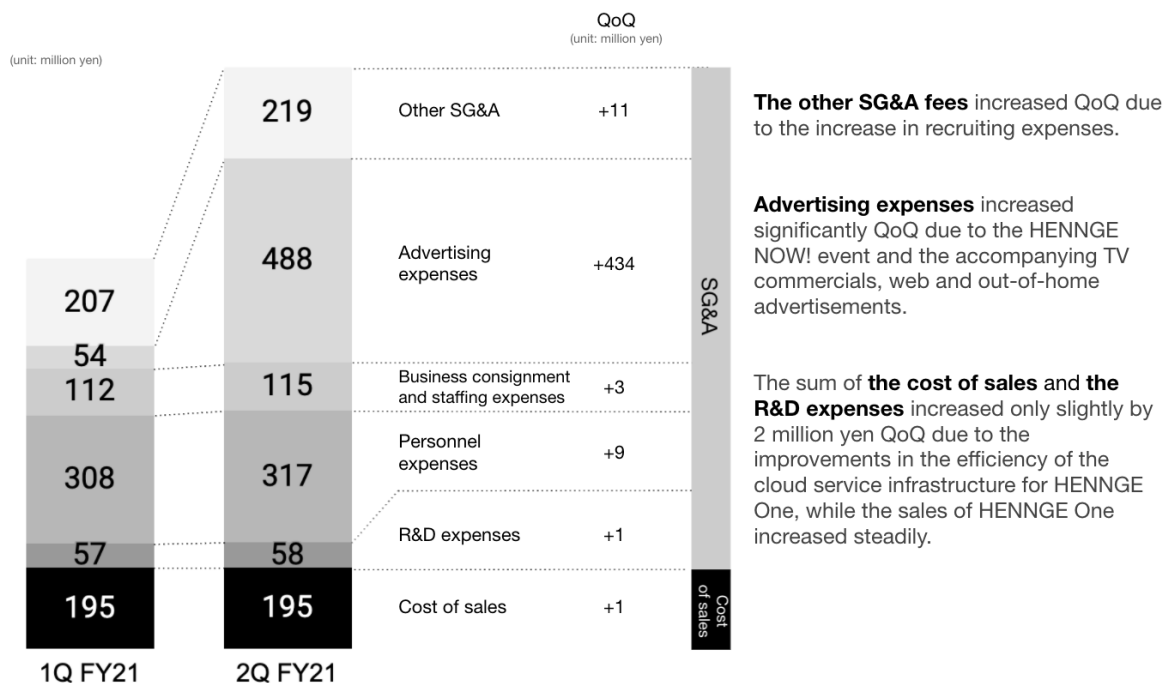
This is a YoY comparison of the breakdown of operating expenses.

# Structure of Operating Expenses (QoQ)

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## Structure of Operating Expenses

(QoQ compared to 1Q FY09/2021)



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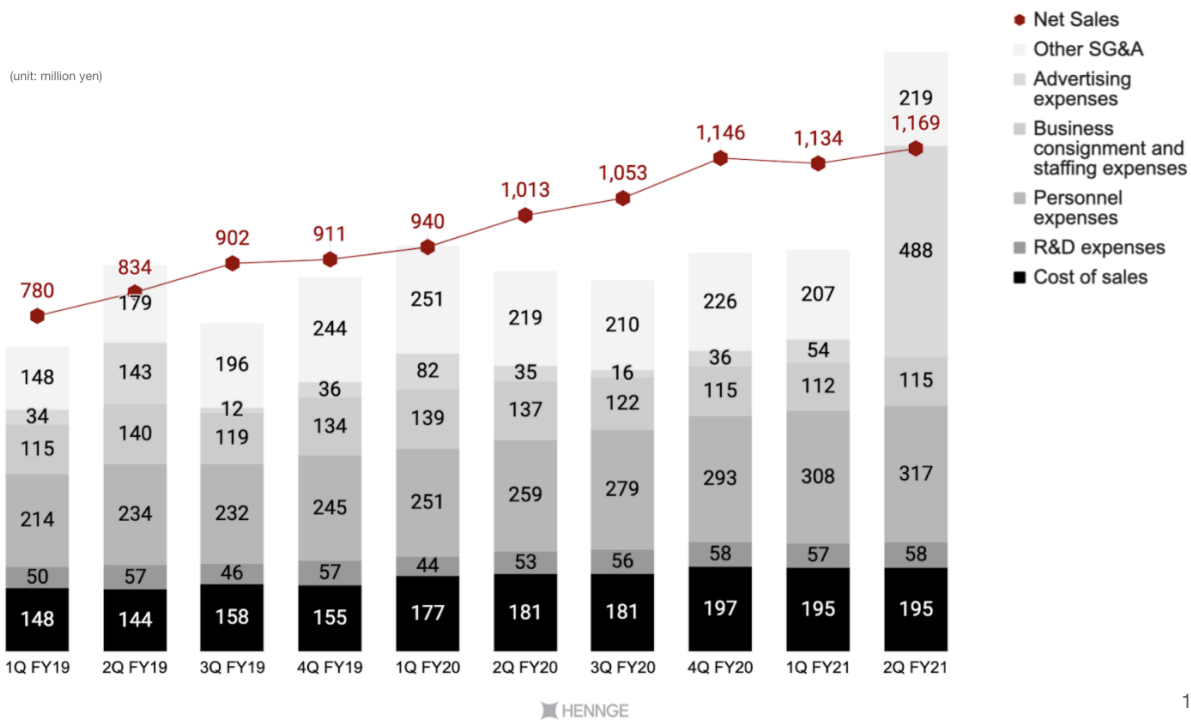
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The charts indicate QoQ changes in the breakdown of operating expenses. Other SG&A expenses increased QoQ due to the increase in recruiting expenses. As for advertising expenses, it increased considerably QoQ due to the HENNGE NOW! event held in February and the accompanying TV commercials and web and out-of-home advertisements. While the sales of HENNGE One increased steadily, the sum of the cost of sales and R&D expenses increased only slightly by JPY2 million QoQ due to the improvements in the efficiency of the cloud service infrastructure for HENNGE One.

# Net Sales and Operating Expenses

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## Net Sales and Operating Expenses

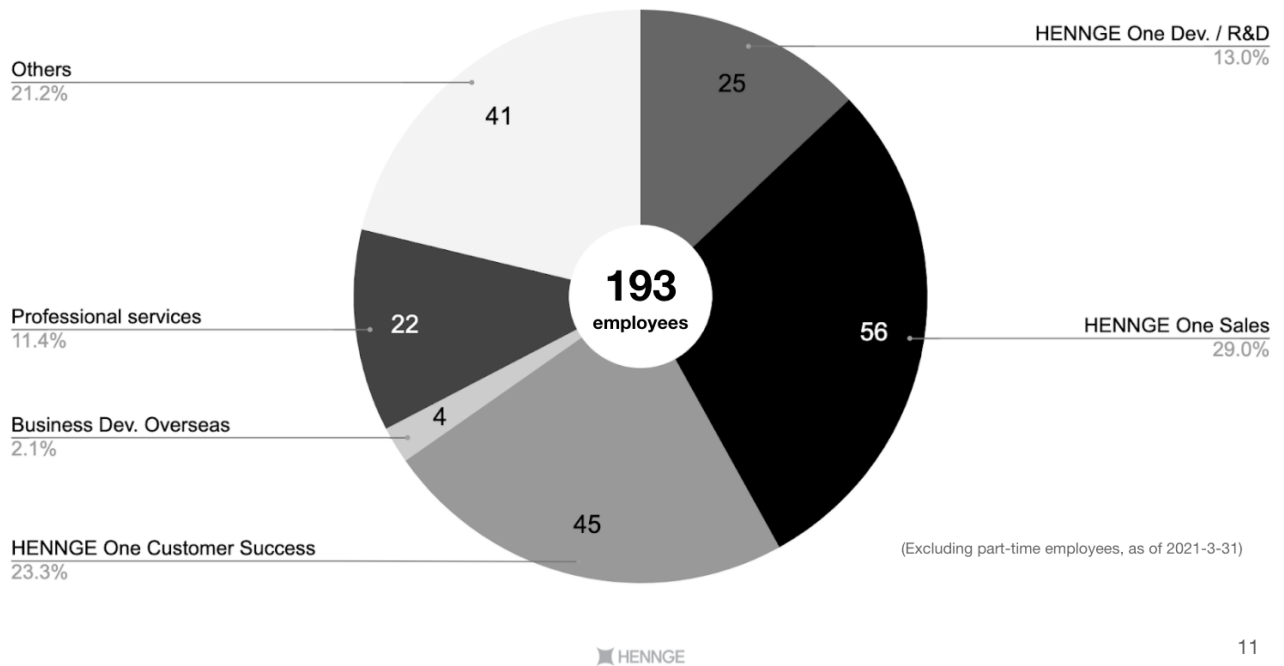


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This chart indicates quarterly trends in net sales and operating expenses.

# Breakdown of Employees

## Breakdown of Employees



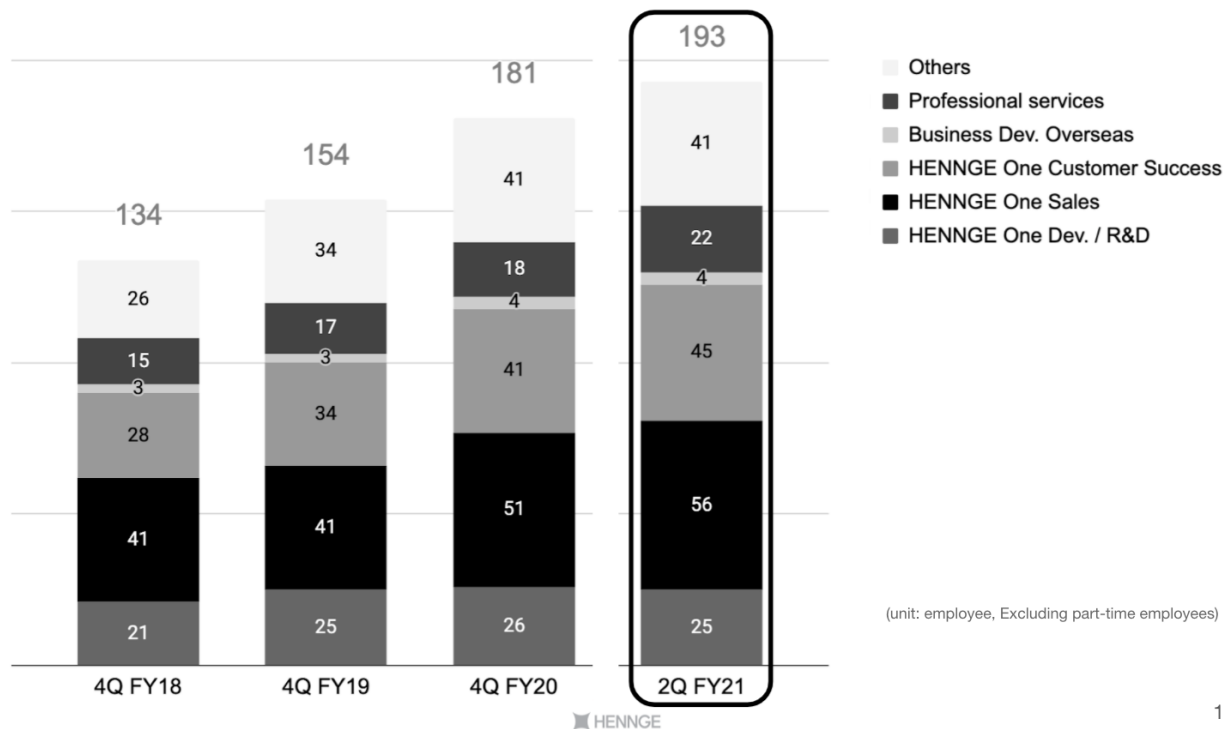
As to the employees, currently, we have 193 employees. The percentage breakdown is as shown in the pie chart.



# Number of Employees

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## Number of Employees



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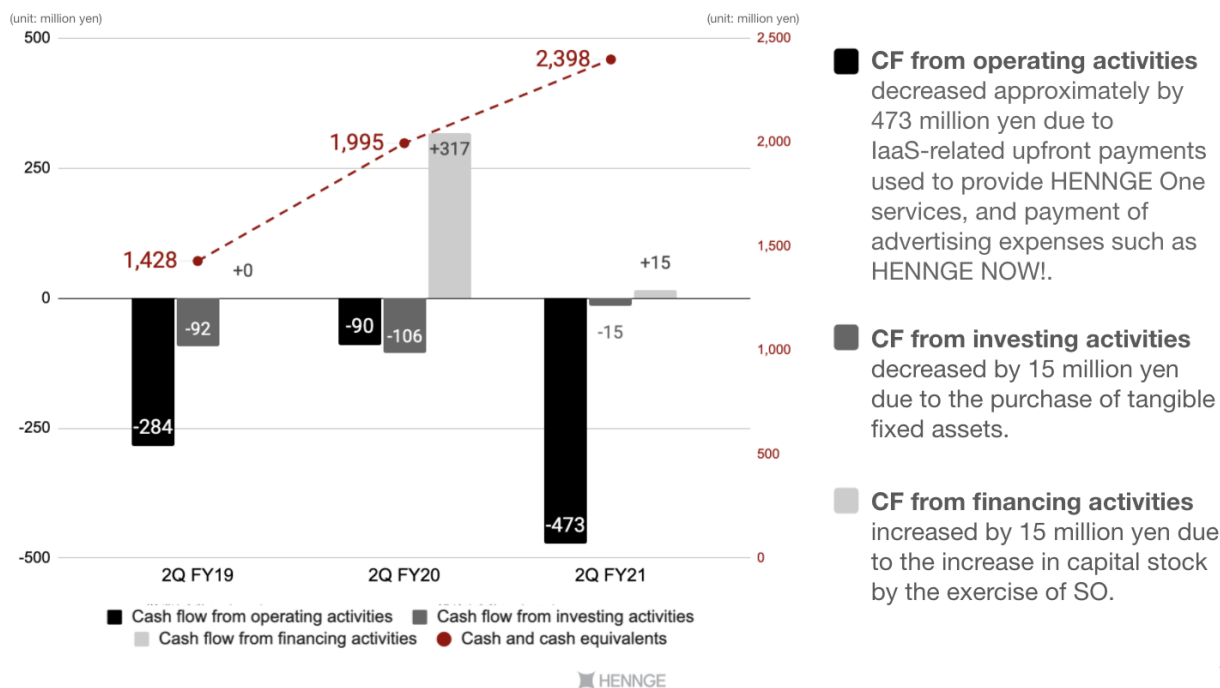
The transition in the number of employees is as shown in the bar chart. As initially planned, recruiting activities for HENNGE One's sales and customer success positions are on track. As for HENNGE One R&D employees, currently, over 70% of them are composed of non-Japanese employees, and we have mainly hired them from overseas. But the number of HENNGE One R&D employees decreased slightly in this quarter. This is because some prospective employees living outside of Japan are unable to enter Japan due to COVID-19.

For now, we do not believe that there will be any significant impact on R&D activities for the quarter. However, we will continue to keep a close watch on the situation.

# Cash Flow Statement

## Cash Flow Statement

(YoY, 6 months accumulated comparison, compared to 2Q FY09/2020 accumulated)



■ **CF from operating activities** decreased approximately by 473 million yen due to IaaS-related upfront payments used to provide HENNGE One services, and payment of advertising expenses such as HENNGE NOW!.

■ **CF from investing activities** decreased by 15 million yen due to the purchase of tangible fixed assets.

■ **CF from financing activities** increased by 15 million yen due to the increase in capital stock by the exercise of SO.

Now let's move on to the cash flow status. Operating cash flows in the first half decreased significantly compared to the previous two years. This is because there were IaaS-related upfront payments used to provide HENNGE One services and payment of advertising-related expenses such as HENNGE NOW!.

Cash and cash equivalents grew steadily YoY.

# Business Highlights

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## Business Highlights

- Advertising and events
  - **Hosting, sponsoring and participating in online events (Jan to Mar 2021)**  
digital FIT, and so on.
  - **Holding the large-scale digital event HENNGE NOW! (Feb 2021)**  
Starting on February 15, more than 40 companies, municipalities, and educational institutions spoke at this six-day event, which featured over 50 sessions on DX, SaaS, security, the digitization of education and municipalities, etc.  
The goal is to promote the future of SaaS in Japan and seize the opportunity by sharing the perspectives of both users and providers on SaaS utilization.
  - **Conducting the series of marketing campaigns associated with HENNGE NOW! (Jan to Feb 2021)**
- Other
  - **Release of photo sharing service as a new function for CHROMO (Jan 2021)**
  - **Strengthen sales expansion collaboration with TOYOTA TSUSHO SYSTEMS (THAILAND) Co., Ltd. (Feb 2021)**



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Now I will explain our business activities in the second quarter. This is an overview of our business highlights.

# HENNGE NOW! and its Marketing Campaigns

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## HENNGE NOW! and its Marketing Campaigns

We held the large-scale digital event HENNGE NOW! this quarter. We spent approximately 490 million yen on advertising expenses and aggressively carried out the advertising activities such as TV commercials, out-of-home advertising and web advertisements for the purpose of attracting customers to the event.

Consequently, the number of visitors to the HENNGE NOW! exceeded 10,000.



Reference) the physical event HENNGE NOW! held in November 2019: about 1,149 visitors



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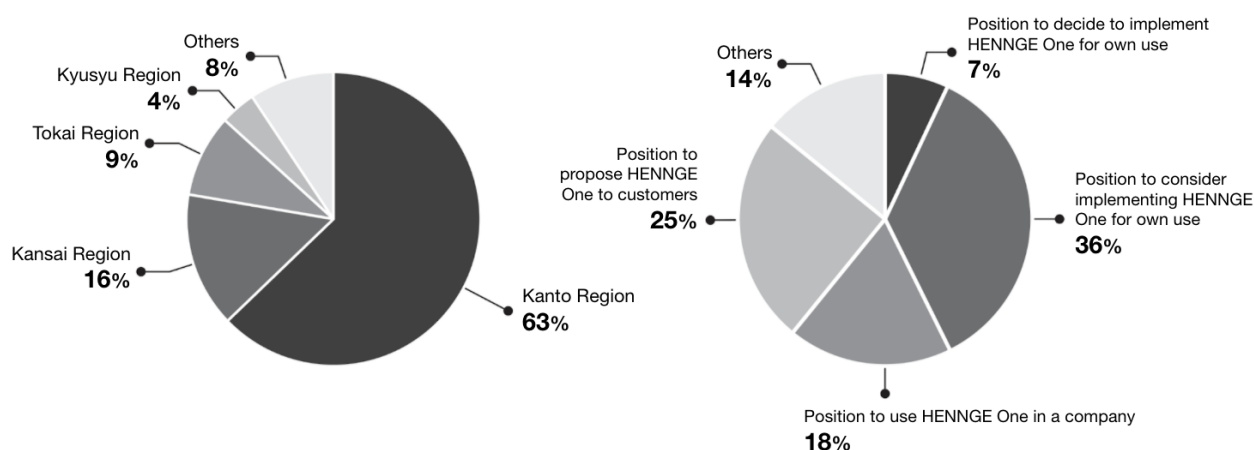
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We held a large-scale virtual event, HENNGE NOW!, this quarter. Besides the cost of holding the event itself, we aggressively carried out the advertising activities such as TV commercials, out-of-home advertising, and web advertisements for the purpose of attracting customers to the event. We spent approximately JPY490 million on advertising expenses. Therefore, the number of visitors to the HENNGE NOW! event exceeded 10,000 as initially planned. I would like to thank everyone who came to the event and all the speakers who made that event exciting.

# Participant Attributes of HENNGE NOW!

## Participant Attributes of HENNGE NOW!

As a results of the aggressive advertising activities, we were able to approach to a wide range of companies and partners nationwide who are considering a cloud adoption. We would like to promote the cloud adoption for many companies by making them know about our services and implementing them.



As shown in the pie charts, as a result of the aggressive advertising, we were able to approach a wide range of companies and partners across the country who are considering cloud adoption.

Through the HENNGE NOW! event and the other advertising activities, we would like many companies to know and implement our services and would like to promote cloud adoption for companies more than ever. As HENNGE One's sales lead time is relatively long, we believe that our marketing campaigns, including this event, will pay off after the next fiscal year. We are not aiming for immediate results, which means that a large part of the advertising expenses spent in this fiscal year is mainly for the next fiscal year's growth.

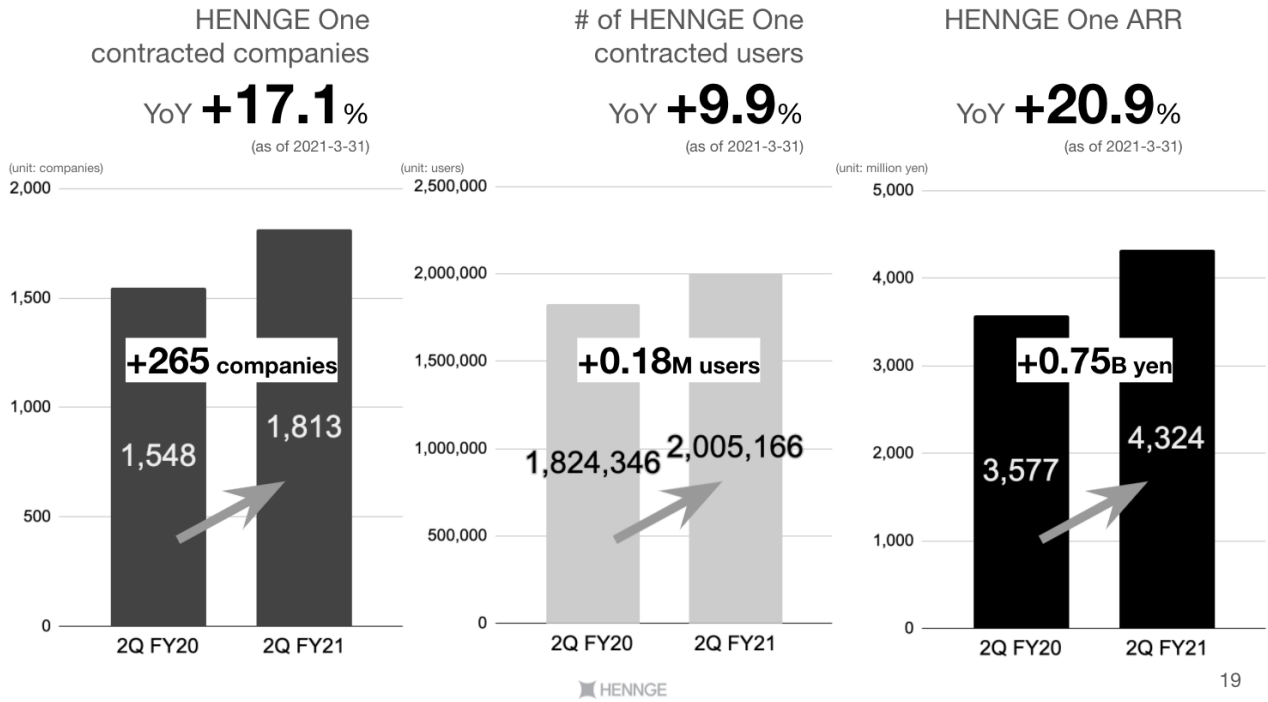
We are currently following up with the customers who participated in the event, and it is not yet the time to inform you of the effectiveness of the event. But I think our members' activities are quite active, thanks to the event getting off to a good start.

As to our sales power, we aim to hire more than 30 people on a net basis for the full year, and we are making good progress towards that goal. We plan to continue to actively recruit so that the shortage of personnel does not become a bottleneck for our future growth.

# HENNGE One KPI

## HENNGE One KPI

(YoY, compared to the end of 2Q FY09/2020)



I would like to discuss our KPIs in the second quarter of FY2021. This slide shows a YoY comparison of KPIs for HENNGE One.

# HENNGE One KPI Highlights

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## HENNGE One KPI Highlights

(compared to the end of the previous fiscal year)

1. Average monthly churn rate over the past 12 months rose by **0.01pts** to **0.18%** compared to the end of FY2020 and remains low.
2. The number of user companies increased by **146** to **1,813 companies** compared to the end of FY2020.  
The number of contracted users increased by **57K** to **2.01M users** compared to the end of FY2020.  
ARR increased by **0.42B** to **4.32B yen** compared to the end of FY2020 and has grown steadily.
3. ARPU increased by **150yen** to **2,156 yen** (per user in annual) compared to the end of FY2020.

The progress of KPIs for HENNGE One from the end of the previous quarter is as shown in the slide.

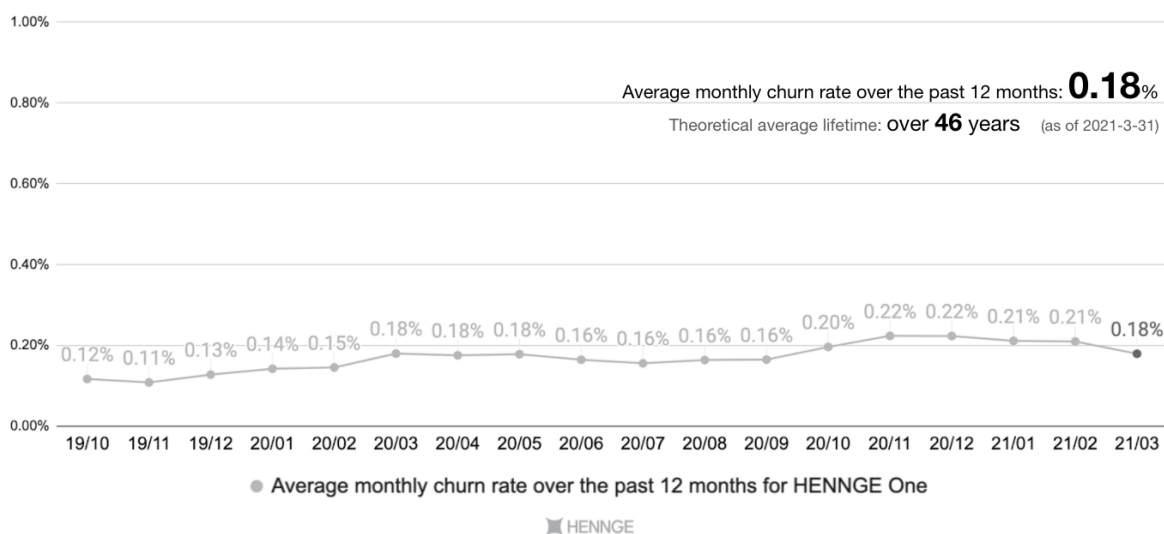
# HENNGE One Gross Revenue Churn Rate

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## HENNGE One Gross Revenue Churn Rate

Average monthly churn rate over the past 12 months for HENNGE One decreased by 0.04pt QoQ to 0.18% and remains low.

\* Gross Revenue Churn Rate is calculated based on the decrease in contract value due to service cancellations, etc.



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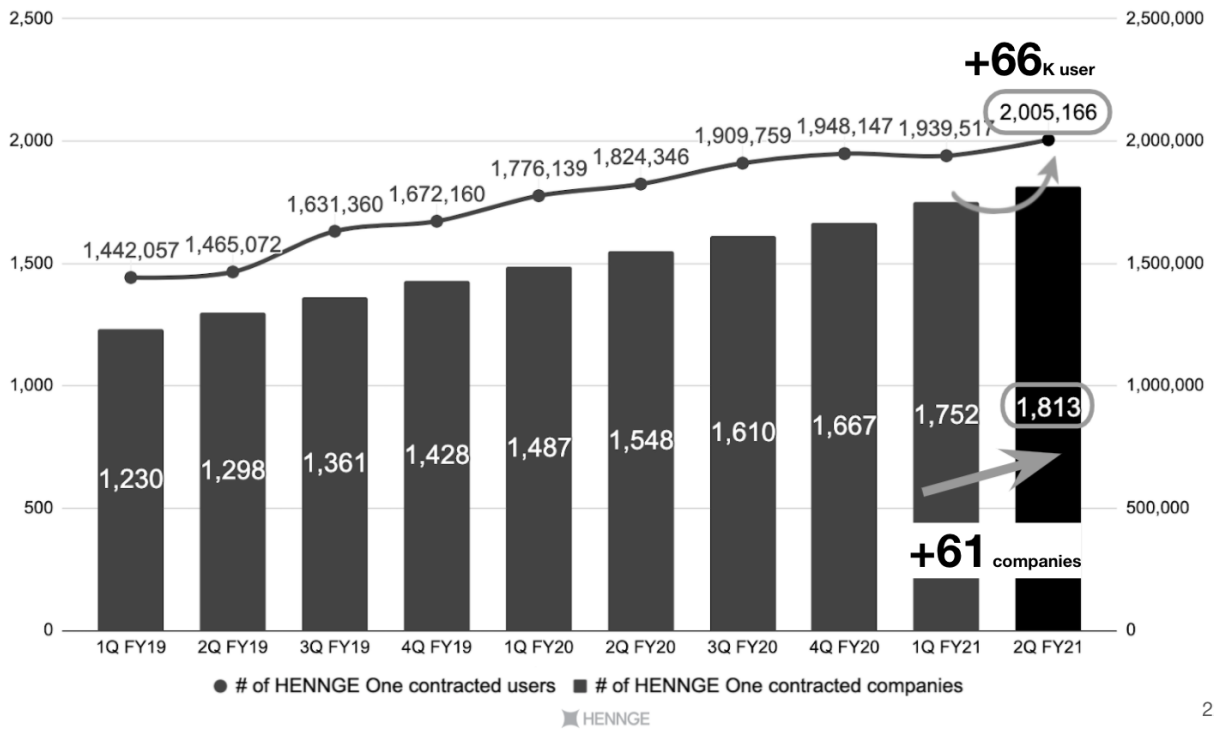
The average monthly churn rate improved by 0.04 points from the end of the previous quarter to 0.18%, which is continuously very low.



# HENNGE One Contracted Companies & Users

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## HENNGE One Contracted Companies & Users



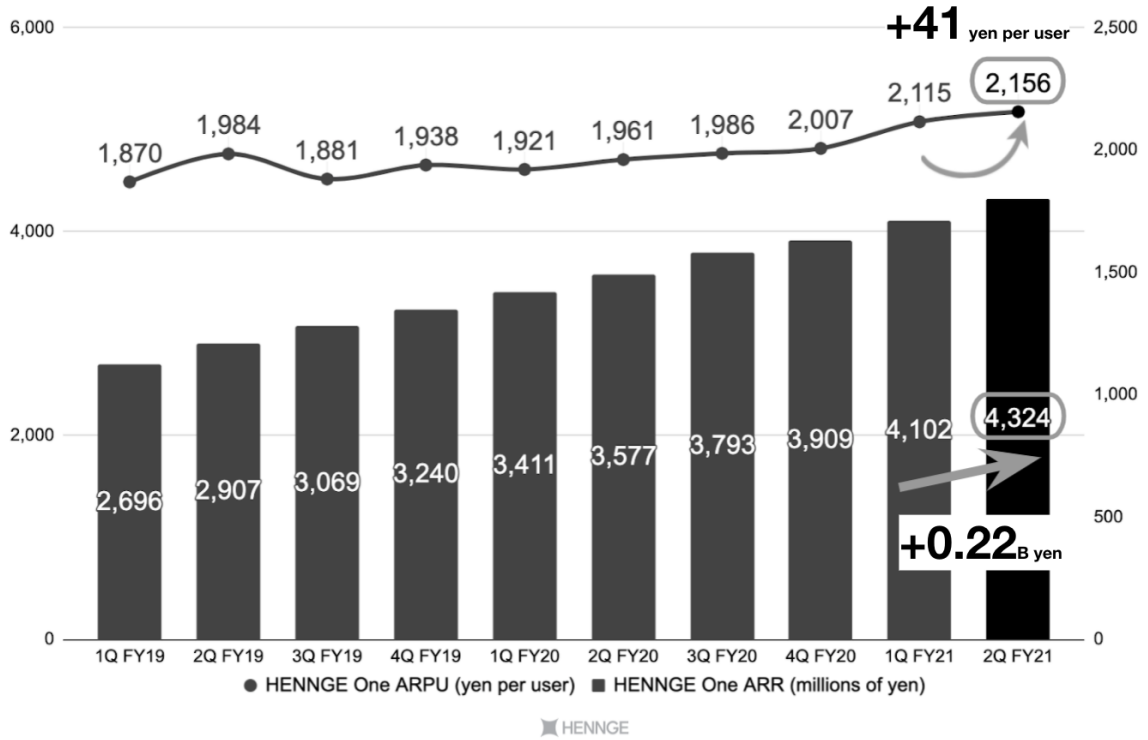
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This slide shows the quarterly trend in the number of contracted companies and the number of contracted users. As you can see from the chart, both the number of contracted companies and contracted users increased steadily.

# HENNGE One ARR & ARPU

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## HENNGE One ARR & ARPU



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ARPU was continuously on an upward trend. Also, ARR grew steadily.

# Overview of FY09/2021 Forecasts

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## Overview of FY09/2021 Forecasts

Accelerate medium-term growth in ARR from HENNGE One by investing aggressively in marketing and capture growth opportunities in the new normal.

	FY2019	FY2020	FY2021		
	Result	Result	Forecast	YoY	YoY (%)
(unit: million yen)			(disclosed on 2020/11)		
<b>Net sales</b>	<b>3,427</b>	<b>4,153</b>	<b>4,841</b>	+689	+16.6%
(HENNGE One)	2,916	3,618	<b>4,388</b>	+770	<b>+21.3%</b>
(Professional service and others)	511	535	453	-82	-15.3%
<b>Ordinary income</b>	<b>3,240</b>	<b>3,614</b>	<b>4,531</b>	+917	+25.4%
<b>Operating income</b>	<b>187</b>	<b>539</b>	<b>310</b>	-229	<b>-42.4%</b>
(Operating income margin)	(5.5%)	(13.0%)	(6.4%)		(-6.6pt)
<b>Ordinary income</b>	<b>178</b>	<b>535</b>	<b>310</b>	-225	-42.1%
<b>Profit attributable to owners of parent</b>	<b>110</b>	<b>355</b>	<b>193</b>	-162	-45.6%
(Net income margin)	(3.2%)	(8.5%)	(4.0%)		(-4.6pt)

1. The sales of HENNGE One, which is our key driver of growth is expected to grow by **21.3%** YoY. The sales of Professional service and others is expected to decrease by **15.3%** YoY.
2. The net sales is expected to grow by **16.6%** YoY, but the operating income is expected to decrease by **42.4%** YoY.

■ HENNGE

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Finally, turning to our full-year outlook for FY2021. There is no change to our full-year forecast from the announcement at the beginning of the fiscal year.

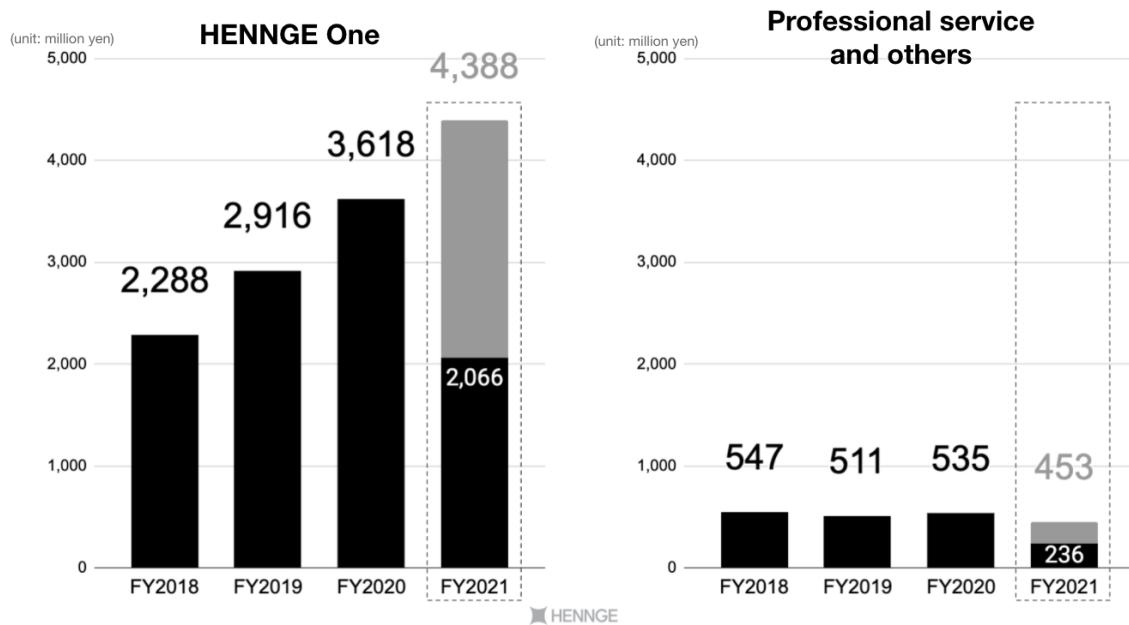
As for the HENNGE One business, we aim to achieve a sustained annual growth of above 20%, while at the same time, we would like to create an inflection point for that. Due to our aggressive marketing investment for that purpose, operating income for this quarter decreased compared to the previous fiscal year.

# FY09/2021 Forecasts of Sales by Business

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## FY09/2021 Forecasts of Sales by Business

The progress rate of HENNGE One's sales of this Q was at 47.1% towards the full-year forecast.



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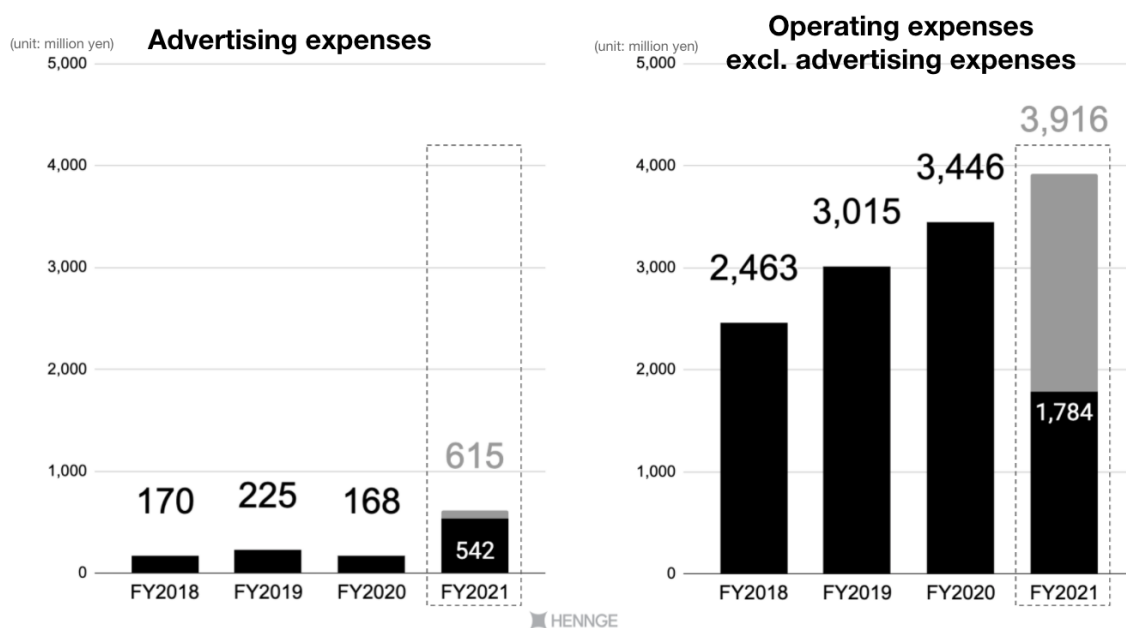
These charts show the transition of our sales by business over the last few years. HENNGE One business and professional service and others business grew steadily.

# FY09/2021 Forecasts of Operating Expenses

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## FY09/2021 Forecasts of Operating Expenses

The progress rate of the advertising expenses was at 88.1% towards the full-year forecast.



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Here, you can see trends in our advertising expenses and operating expenses since the fiscal year 2018. As I explained in the first quarter, advertising expenses increased significantly owing to the large-scale event and the accompanying series of marketing campaigns.

As you can see, for the first half, the progress rate for operating expenses excluding advertising expenses is less than 50%. In the second half of the fiscal year, however, we are planning to aggressively invest for the future, including recruiting, and it will be in line with the forecast.

This concludes our explanation. Thank you so much.

## Q&A (1): About ARR, ARPU, and the Average Number of Users (n) in the Next Fiscal Year and Beyond

**Ogura:** Next, we will have time for a Q&A session. Then we would like to accept questions. We would like to answer as long as time permits.

**Participant:** I have three questions.

First, regarding the inflection point. Since ARR is now over 20%, I think it would be easy to achieve 20% or more. How much do you think it will rise in the next fiscal year onwards?

In addition, I think that ARPU will go up, but how do you think it will increase annually? Is there a possibility that the adoption ratio of HENNGE Lock goes up and ARPU suddenly goes up?

Thirdly, when calculating ARR, you use the large N for the number of companies and the small n for the average number of users. You mentioned that the small n would remain almost unchanged, but normally, as the service will spread to small and medium-sized businesses in the future, I think this small n will gradually decrease in the future. Please tell us what you think about that.

**Ogura:** Thank you. The first question is about the inflection point and the growth from the next fiscal year. Our mid-term plan is not disclosed now, and we cannot tell you the number, but basically, when we are going to accelerate growth further in the future. Maintaining the growth rate will be a challenge for a stacking type of business. Although we are taking more and more orders every year than last year, the problem is that the growth rate someday slows down at that speed. So, we are saying that we will create an inflection point because we want to maintain the current growth rate and hopefully speed up even more.

For example, we would like to improve the unit price for each customer through providing new functions or providing other new value to our customers. Of course, we also would like to accelerate speed to accept orders. We would like to make growth in the future on both sides.

With HENNGE NOW!, we are accelerating those activities, although we cannot promise yet how we can accelerate it. We want to be able to draw a good outlook for the next fiscal year onward. Thank you.

Regarding the future change of ARPU, basically, ARPU is rising, as new features are added for new customers due to changes in the price structure of the plan. So as long as the trend continues, I think ARPU will increase little by little.

However, when it comes to this year, as I mentioned in the first quarter results announcement, there was a churn of large-scale low-price users, and therefore it seems that the ARPU is suddenly rising. But basically, ARPU will rise steadily little by little with the increase of new users. In addition to that, we would like to be able to take measures that allow us to raise ARPU for existing customers by providing new features or new value to customers.

HENNGE Lock is a function that customers already have. However, we would like to increase the unit price by offering more and more features that make our customers feel more valuable. We do not expect that ARPU suddenly goes up at some point, but hopefully, we want to add such features.

The third question is about the small n and large N. In this regard if we look at the second quarter, it may seem that the small n is declining compared to the fourth quarter of the previous year. However, we believe that this is due to the churn of large and low unit price users rather than the increase of small-scale users.

We hope that both medium-sized enterprises and major companies will use the service in the future. There is no change in the direction of customers to whom we make sales activities. Basically, rather than going down, as long as we are operating in the same style as now, I think that it will make a slight increase or be flat. Thank you.

## Q&A (2): About TAM

**Participant:** If you expect the small n to be flat or slightly increase, it means I think that the ratio of large companies will not change so much in the future. On the other hand, since the number of small companies is overwhelmingly large in Japan, if you expect the ratio of large companies not to change much, is the TAM for your company mainly large companies?

**Ogura:** It depends on the definition of a large company, but at present, as shown on page 43 of the financial results briefing material, our current main target is companies with 300 people to 5,000 people, and the current ARR is also based on them. So, looking at entire Japan, there are certainly more SMEs than large companies. However, in a short span, we will not change our sales activity style.

HENNGE K.K. (4475:TYO) 2Q FY09/2021 Consolidated Financial Results

## HENNGE One Solid Customer Base

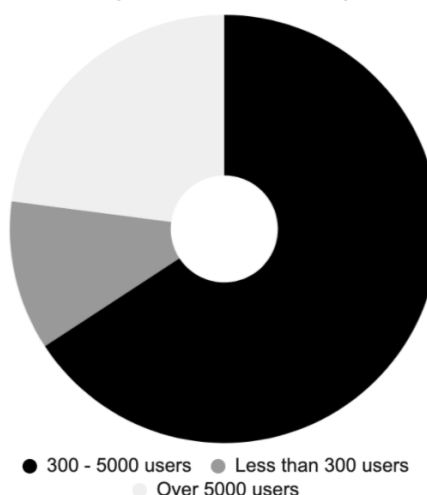
HENNGE One is used by 1,813 customers in various industries, and has 2.00 million users.

(as of 2021-3-31)



and more

Breakdown by Contracted Users Size  
(ARR Basis, FY2020)



✧ HENNGE

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Certainly, it may be possible in a very long span, but at least currently, we will acquire the market share without changing the main target.

**Participant:** Thank you.

**Ogura:** Thank you. If you have questions, please raise your hand.

## Q&A (3): About the Current Status of the Business Environment, the Product Initiatives, and the Environment for Advertising

**Participant:** Thank you for your explanation today. I have 3 points.

First, I would like to ask you about the current situation of your business environment. Please tell us about the impacts of DX on your customers and COVID-19 on your business.

The second point is about the current product initiatives. You just talked about passwordless or lock, but please tell us what you are aiming for in a wider aspect.

The third is about the environment in which you make advertising. Other companies say that recently mass advertising is getting a little cheaper, and on the other hand, unit prices for the Internet are returning. So, can you tell me about your company's acquisition unit prices and the room for submission in light of LTV?

**Ogura:** Thank you. First of all, as for the current business environment, we held an event called HENNGE NOW! in February, which attracted customers nationwide for the first time. I think that it captured high attention. More than 10,000 customers came to the venue. I think the interest in DX or SaaS to change the way of working is very high.

We do not disclose the numbers, but the percentage of customers who responded to the questionnaire or the percentage of customers who gave us feedback was very high compared to previous events. I think that the high interest of customers in themes such as the use of SaaS is very high.

The emergency declaration has been extended, but to be honest, our customers and we got used to the declaration of emergency. We see that we have been steadily grasping how we work in this situation and what challenges are left. We continue to think that we can respond to such customer demand, which is not transient. Thank you.

As for the second question, other than the passwordless or lock, we are trying to work on SaaS use. The basic idea is that we want to get rid of the most problematic things when using SaaS, or those that are typically likely to be a problem.

In that sense, until last year or the year before last, we thought that business efficiency further ahead of the use of SaaS or the reform of the way of working would be the main field. In our view, in this situation of the COVID-19 pandemic, the number of customers who are going to use SaaS is rapidly increasing.

We would like to help those customers first, so now we are focusing on very basic parts such as passwordless and bulk login. In fact, what we want to achieve ultimately is that customers can combine multiple SaaS-es to create an optimal application environment, an optimal working environment or a working environment for their company. It is the first time we can do such things, so we want to support such an environment and remove all the obstacles in it.

Our philosophy, "Liberation of Technology," is to provide our customers with the means to cross the gap, where customers cannot use technologies while they know they are good. We would like to support our customers by all means. Through HENNGE NOW! this time, we introduced the world after introducing SaaS, including cases of customers who have really improved productivity by introducing SaaS or customers who have changed their working style, and this was highly evaluated.

We would like to continue to focus on such efforts in the future. However, for now, it is the greatest value we can contribute to customers to solve security and password management issues, which is the first huge obstacle in using SaaS. Now we are doing promotions mainly in that area. Thank you.



Mr. Amano will explain the third point about the advertising environment.

**Amano:** Thank you for your question. As for advertising, as mentioned in the explanation, we have carried out a large advertising promotion in the first half of the year, including the first mass advertisement, TV commercial, and large traffic advertising. I think you already know, including other B to B SaaS companies, many IT companies are doing traffic advertising, CM, etc. We have also tried once and could have obtained some related knowledge. We would like to make use of this for our company's advertising and promotion activities in the second half of the year or next fiscal year.

As you already know, the environment is changing into one where our company with such scale can actively make advertising in various media. We would like to consider it in the future while taking the cost-effectiveness firmly into consideration.

**Participant:** I understand. Thank you for your response.

**Amano:** Thank you.

**Ogura:** Thank you. The next question, please.

## **Q&A (4): About HENNGE One Product Alliance Program**

**Participant:** Thank you. You have started the HENNGE One product alliance since November last year. What is the outcome of this? Please tell us the purpose. I think you are probably working with a company with a product that has many users.

**Ogura:** Thank you. The question is about the outcome of the product alliance and its purpose. Thank you.

I think that we were able to work with so many people in HENNGE NOW! is really one of the big achievements. We often receive inquiries about cooperation from customers who use various SaaS-es. By creating such cooperation alliances, customers can use multiple SaaS-es that work in collaboration with HENNGE One with confidence. For example, our customer success and other SaaS service customer success work together to solve the problem if you contact support. We would like to make such a foundation, including creating a contact system.

Since it is the beginning, for now, we have not received great feedback from customers yet, but it is also a big achievement that we held HENNGE NOW! based on such cooperation while having many SaaS companies involved.

Especially when it comes to the IDaaS, it will be a big issue to eliminate customers' doubts about whether it can really be used or whether there is no problem. Therefore, we are going to respond to such issues ahead of the curve. Thank you.

**Participant:** Is it not in an alliance relationship that SaaS businesses proactively sell HENNGE One?

**Ogura:** It is difficult depending on the positioning of SaaS because we are cooperating with various SaaS-es. Rather than sales, the alliances have a purpose to collaborate technically or cooperate in marketing.

**Participant:** Thank you.

## **Q&A (5): About the Decrease in the Number of R&D Members for HENNGE One**

**Ogura:** Thank you very much. We have received another question. The number of HENNGE One's R&D members has decreased by one. On the other hand, The number of Professional Services' personnel has increased by four. Please tell us the background. Thank you.

Regarding the decrease in R&D personnel of HENNGE One, as I mentioned, some prospective employees cannot cross the border. Therefore, the number is not increasing as much as we originally thought. These are being supplemented by outsourcing etc.

Concerning Professional Services and Other businesses, while existing businesses are shrinking little by little, we are also working on new businesses, etc. We have been making movements such as internal changes, new recruitment, or doing internally what we had outsourced before. Therefore, the number of people is increasing. Thank you. Do you have any questions?

## **Q&A (6): About Risk Factors**

**Participant:** What risks are you worried about?

**Ogura:** Thank you. For now, we are doing a relatively foreseeable business. For example, we can expect the future business in the next year or later based on the current operating status of sales. On the other hand, the current big problem does not immediately affect our business. For now, when it comes to the activity of creating inflection points, we recognize nothing as a big risk.

If I dare to say, as for recruitment, thanks to HENNGE NOW!, inquiries we are receiving are increasing. At this point, we have been able to increase the number of sales and customer success staff rather steadily, so we are not in a situation where we need to worry about that becoming a bottleneck. However, in order for us to grow further in the future, we think that stable recruitment is very important. We would like to ensure that there are no delays in this process, and this could be a risk.

In addition, R&D personnel cannot be increased right now. Although the SaaS business does not need immediate R&D, we should continuously raise the R&D ability for the future. One risk is this if this situation is prolonged too long. Thank you.

**Participant:** Thank you.

**Ogura:** Then, we would like to end the session. We have disclosed the financial results Q&A from the previous quarter, assuming what question you would have. You can see it from the IR site. We also have answered such questions as what is the content of recurring sales, so please take a look at it.

Thank you very much for attending today. That concludes the briefing. Thank you for your continued support in the future. Thank you.

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